GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3247
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TARGET AND ACHIEVEMENTS OF RURAL CREDIT
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Will the Minister of FINANCE be pleased to state:

(a) the details of target and achievements of rural credit during the last three years, year-wise;

(b) the number of borrowers availed of rural credit, State-wise;

(c) whether private banks have to open one-fourth of their total branches in rural and semi-urban areas;

(d) if so, the details thereof and the branches and kiosks setup by private banks and PSBs in rural areas in these years, State-wise; and

(e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) : As per guidelines of Reserve Bank of India (RBI) there are no separate targets/sub-targets for rural areas. Banks are required to lend 18% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, to agriculture and allied sector. Targets and achievements regarding agricultural advances by commercial banks (public sector and private sector), regional rural banks (RRBs) and cooperative banks since 2004-05 is as under:

(Rs. crore)

Years	2004-05	2005-06	2006-07	2007-08
Target	105000	1,41,000	1,175,000	2,25,000
Achievement	1,25,300	1,80,486	2,03,296	1,01,022

(upto September 2007)

(c) to (e) : As per RBI guidelines, the new generation private banks are required to open 25% of their branches in semi-urban and rural centers on an ongoing basis. However, this condition is not stipulated on old private sector banks as they already have a substantial net work of branches in rural and semi-urban areas. State-wise and Bank Group-wise details on number of branches opened in rural areas during the last three years are being compiled.

The new generation Private Sector Banks have altogether 26.88% branches in rural and semi-urban areas. Some of these banks at present are not complying with the stipulation of 25% branches in rural and semi-urban areas. In terms of Section 23 of the Banking Regulation Act, 1949, banks are required to obtain prior approval of RBI for opening a new place of business. Such approvals are granted on discretionary basis, depending on the thrust of Branch Authorisation Policy and directions issued in this regard. Banks are encouraged to open branches in under banked and rural areas and as such requests for opening in rural and under banked areas are considered favourably by RBI.